

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2039 - HB2696

March 4, 2020

SUMMARY OF BILL: Enacts the *Solemn Covenant of the States to Award Prizes for Curing Diseases Compact* (Compact), an interstate compact to award prizes for curing diseases. Establishes that the Compact will become effective and binding on the date which the Compact is enacted into law in the second Compact State. Establishes the governing Solemn Covenant of the States Commission (Commission) on the date in which the Compact is enacted into law in the sixth Compact state.

Authorizes the Commission to establish annual membership dues for each Compact State to cover the cost of daily expenses of the Commission, hire employees, establish and maintain offices, and enforce compliance by compacting states

Requires the Commission to adopt rules establishing the criteria for defining and classifying at least 10 major diseases, for which prizes will be awarded.

Requires the Commission to employ or contract with actuaries to calculate the five-year public health savings amount for each of the 10 diseases the Commission established criteria for, in each compacting state, and publish and update the information every three years.

Requires the legislative authority of each compacting state be responsible for making the appropriations it determines necessary to pay for the costs of the Compact, including annual member dues and prize distributions, if funding is requested.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Due to multiple unknown factors over an extended and undeterminable period of time, an estimated net impact fiscal cannot be reasonably quantified.

Assumptions:

- As of February 3, 2020, one state has enacted legislation to establish a Solemn Covenant of the States Interstate Compact. The Compact will become effective upon the second state enacting legislation.
- The amount each Compact state would be required to pay in prize money is unknown, as it is dependent upon the disease cured and the public health expenditures related to the disease.

- If the amount required to be paid is based on a state's savings, the state would realize an offsetting reduction in health care expenditures for providing services to manage the disease or symptoms associated with the disease. These savings would continue after the state's prize responsibility is met.
- The proposed legislation authorizes the Commission to establish a selling price for a cure, if found, and establish and collect royalty fees for making a cure available to non-compact states. While there could be some revenue generated by royalty fees the amount and timing of which is unknown and is dependent on:
 - A cure being found and accepted; and
 - The Commission successfully making a treatment widely available for use, including arranging for its manufacture, production, or provision of the treatment.
- Due to multiple unknown factors over an extended and undeterminable period of time, such as how many states will join and when, the amount each Compact state would be required to pay in prize money, the reduction in health care expenditures, the cost of membership dues, and the cost to each Compact state's legislative authority if funding is requested, an estimated net fiscal impact cannot be reasonably quantified.

IMPACT TO COMMERCE:

Other Commerce Impact – Due to multiple unknown factors over an extended and undeterminable period of time, an estimated net impact to commerce and jobs in Tennessee cannot be reasonably quantified.

Assumption:

- Due to multiple unknown factors over an extended and undeterminable period of time, such as how many states will join and when, how many offices will be established, how many employees will be hired, and the reduction in health care expenditures, an estimated net impact to commerce and jobs in Tennessee cannot be reasonably quantified.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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